



President Obama with Vice President Joseph Biden, Afghanistan President Hamid Karzai, and Pakistan President Asif Ali Zardari at White House, May 2009

A New Approach to the Delivery of U.S. Assistance to Afghanistan

BY WILLIAM M. FREJ AND DAVID HATCH

The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty and we must rise with the occasion. As our case is new, so we must think anew and act anew. We must disenthrall ourselves and then we will save our country.

—Abraham Lincoln

We listened with great anticipation as President Barack Obama delivered his inaugural address, ushering in change and a “new era of responsibility.” The words spoken that day reflected on where we are as a nation, what we have learned from our Founding Fathers, and, above all, a renewed sense of hope and virtue to meet the challenges ahead. And these challenges are many.

Building on his address, on March 27, President Obama announced a comprehensive regional strategy for Afghanistan and Pakistan. The goal is clear: “to disrupt, dismantle and defeat al

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Qaeda in Pakistan and Afghanistan, and to prevent their return to either country in the future.”¹ To do so, “America must no longer deny resources to Afghanistan because of the war in Iraq”;² these are the dogmas of the past. The strategy aims to coalesce U.S. military,

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economic, and governance efforts—a commitment to invest and to provide the resource requirements that can accomplish our goals in the region.

While only a few months have passed since the President announced the strategy, there is a stark contrast between the role of the U.S. Government now and then—in particular on the approach to delivering foreign assistance in Afghanistan. We have been rigorously reviewing all existing and planned nonmilitary development assistance resources to align U.S. civilian assistance with the President’s strategy. For example, individual government agencies, and sections within these agencies, can no longer be “islands.” We must act more as a “continent,” with the United States and Afghanistan working together with a whole-of-government approach in close partnership with the international community in the delivery of development assistance. Although the United States is the largest bilateral provider of assistance in Afghanistan, we recognize that we need help.

The purpose of this article is to outline the development context, a new U.S. whole-of-government approach, and how we are building a sense of hope and virtue to meet the challenges in Afghanistan.

“Out of Many, One”

Beginning in medias res, Afghanistan, especially in the border areas with Pakistan, sails between Scylla and Charybdis—between al Qaeda and its allies. And the stormy present has been deadly. We are mindful of the sacrifices made and of those who have fallen in the name of freedom.

Like the citizens of the United States and its partners, Afghans have big dreams for their nation. Afghanistan is a country firmly focused on the future that refuses to give in to the voices of hatred, resentment, and unbridled furor. The Afghan government, international community, and local population must continue to move the country forward and demonstrate results.

We are aware that Afghans are dreaming of stability amid instability. Out of many provinces, peoples, ethnicities, and ancestries, it is hoped that a single Afghanistan will emerge. America itself emerged under similar circumstances to become the melting pot of diversity that it is today. Yet the dream of life, liberty, and the pursuit of happiness on the frontlines in Afghanistan is at risk. A perfect storm of anarchy, extremism, and narcoterrorism clouds the day.

According to the 2008 Asia Foundation Survey, the biggest problems faced by Afghanistan are security, unemployment, high prices, a poor economy, and corruption. Afghans work hard yet lack opportunities for jobs and basic services such as water, electricity, education, and health care. Opportunities to join the insurgency become attractive.

We will continue to support the basic human rights for all Afghans. Let us not forget the importance of gender issues, with a special emphasis on women. Long excluded from education, health care, employment, and public life, Afghan women continue to suffer from illiteracy, poor health, and extreme poverty.

The country's maternal mortality and female illiteracy rates are among the highest in the world, while a woman's life expectancy, at just 44 years, is among the lowest. Not only do Afghan women face urgent humanitarian needs, but also their untapped energy and productivity are essential for sustainable peace, security, and development. To achieve our goals, we need full economic participation, equal access, and opportunity for all. Our words here on gender, in particular for the empowerment of women, may be few, but they are of the utmost importance.

The United States stands with the Afghan government. Kabul has an Afghan-developed blueprint for development, the Afghanistan National Development Strategy, to create a stable and tolerant society with a market-based licit economy, improved quality of life, and effective and legitimate governance. To implement this strategy following three decades of war, Afghanistan needs public and private sector *presence*, not just *presents*.

New Approach

The U.S. Mission's new approach in Afghanistan, to implement the President's Afghanistan-Pakistan strategy, is to support Afghan leadership, Afghan capacity-building efforts at all levels, and Afghan sustainability (for, with, and by the people), and to increase local procurement initiatives such as "Afghan First." The U.S. Government's guiding principle of *Afghanization* (meaning Afghan-led development) will ensure that Afghans lead, not follow, in their path to a secure and economically viable country, in partnership with the United States. An agile, flexible, and responsive U.S. regional counterinsurgency (COIN) strategy will provide the framework in which we operate to maximize all U.S. resources by sector and,

more importantly, geographically to promote stability. A whole-of-government, unity-of-effort approach through integrated planning and operations will also help us coordinate and integrate with international community partners. A significant change in contracting, management, resources, and focus of our foreign assistance to overcome the "trust deficit" will help us engage the populace in ways that demonstrate commitment to a responsive and capable Afghan government. Additional assistance must be accompanied by new contracting principles and delivery mechanisms to mitigate risks and to ensure greater accountability, immediate action, and sustained commitment.

In short, we seek a stronger and more effective Afghan-U.S. development partnership. At the national level, more U.S. assistance will be channeled through the Afghan government core budget. At the field level,

to implement a strategy following decades of war, Afghanistan needs public and private sector *presence*, not just *presents*

U.S. assistance will be shifting to smaller, more flexible, and faster contract and grant mechanisms to increase decentralized decisionmaking in the field. In each program and project design, we will outline how field input has been incorporated, show how field staff will be involved in implementation as appropriate, and demonstrate how the proposed activity will contribute to U.S. COIN goals. Factors we will consider prior to awarding contracts and grants will include:

- ❖ the degree to which Afghan content (labor and materials) is emphasized
- ❖ how the activity contributes to COIN

- ❖ the bidder's track record
- ❖ anticipated results and impact
- ❖ flexibility and agility.

For example, contracts and awards will include an evaluation factor that allows for special consideration to offerers who propose procurement mechanisms to purchase more products and services locally. We will build on past successes and lessons learned, including working closer with our Special Inspector General for Afghanistan Reconstruction and Regional Inspector General colleagues to provide adequate oversight.

Adopt Guiding Framework

To increase Afghanization, the U.S. Mission is adopting a whole-of-government assistance framework that:

- ❖ aligns with the Afghanistan National Development Strategy
- ❖ directs capacity-building efforts at the public sector, private sector, and civil society
- ❖ increases joint decisionmaking and joint action with line ministries by involving ministry staff in program design, procurement, and joint monitoring and evaluation
- ❖ focuses U.S. assistance on sectors and regions where the United States has a comparative advantage, and makes decisions on geographic focus in consultation with the Independent Directorate for Local Government
- ❖ ensures U.S. contractors utilize Afghans in key personnel positions as a means of ensuring a better grasp of the needs

and reality on the ground and improving senior management capabilities

- ❖ ensures that more U.S.-trained, skilled Afghan workers are hired by U.S. contractors
- ❖ purchases more products and services locally via programs such as Afghan First
- ❖ scales up contributions to the Afghanistan Reconstruction Trust Fund (ARTF) as a means to deliver better coordinated assistance and improve Afghan government procedures and management capacity
- ❖ delivers support directly to some ministries through the Ministry of Finance (once U.S. Government accounting and financial requirements have been met)
- ❖ forges public-private alliances to maximize the impact and quality of activities.

Mitigate Risks and Be Accountable

The U.S. Mission's new approach is an essential step in a fresh relationship between the United States and Afghanistan, which will underscore that the United States seeks a strong and capable partner in the Afghan government. In essence, the Afghan people are the mission. The challenges are significant:

- ❖ a great lack of Afghan experience with planning and implementation, nascent government capacity, an extremely underdeveloped private sector and civil society, and persistent insecurity in the south and east, all of which can imperil the achievement of intended impacts

- ❖ a pervasive public perception that U.S. assistance does not benefit ordinary Afghans and that it contributes to government corruption
- ❖ the potential for corruption at all levels that harms the achievement of the central goal—connecting the people to the state—and undermines sustainability.

There are positive signals of Afghan government capacity. The U.S. Agency for International Development (USAID) Office of Financial Management (OFM) is in the process of updating its 2007 financial assessment of the Ministry of Finance’s three directorates (Budget, Internal Audit, and Treasury). In addition, OFM visited Afghanistan’s central bank (Da Afghanistan Bank) and General Auditor’s Office, the Control and Audit Office. Although some areas for technical assistance were noted, no major concerns that would impact the flow of funds through Afghan government institutions were found during the assessment’s field work.

The United States can further help the Afghan government achieve results by enhancing its own measures of risk mitigation and accountability. For example, all new USAID contracts and grants will have a maximum basic performance period of 1 year, with optional years possible subsequent to a rigorous performance review. Once projects/activities have started, more oversight to monitor, track, and report progress by indicators, targets, and criteria will be developed. Multiple smaller contracts will also mitigate risk as opposed to large contracts, which tend to have slow startup and project delays.

Direct civilian oversight of projects, contracts, and grants will increase dramatically with the influx from the civilian uplift, as well as

enhanced partnerships with the Special Inspector General for Afghanistan Reconstruction and the Regional Inspector General, with proper monitoring and oversight.

Think Nationally, Act Regionally and Locally

At the national level, specific recommendations to increase Afghanization include increased funding through the ARTF and credible direct budget support mechanisms to help bring the government closer to the people.

The United States is developing an action plan to increase direct assistance through more Afghan government systems. In addition to the recent reassessment of the Afghan Ministry of Finance financial management systems to determine its capacity to absorb direct funding, additional government entities such as the Ministry of Agriculture, Irrigation, and Livestock, and the Independent Directorate of Local Governance, among others, are in line for assessments. The U.S. Mission will also coordinate with other donors to align direct support to line ministries or host country contracts and help connect national and field level initiatives.

At the regional level, there is an explicit recognition that the United States is pursuing development within the context of a broader COIN strategy. One of our primary objectives is consolidation of a government and society that are stable, secure, and confident enough to be an effective partner. Essential initiatives are in the east and south where we will target areas (for example, Nangarhar, bordering Pakistan’s Federally Administered Tribal Areas) in coordination with the U.S. interagency community, U.S. Forces–Afghanistan, International Security Assistance Force, the Afghan government, and donors.

Afghan national programs such as the National Solidarity Program, funded through the Afghanistan Reconstruction Trust Fund, have increased cooperation at the village, community, district, provincial, and national levels. This program is a bottom-up approach to development where communities identify, develop, and implement their own projects, thus encouraging more buy-in and Afghan ownership on the ground.

Be Agile, Flexible, and Responsive

USAID procurement and contracting procedures are being amended to include incentives to increase capacity-building efforts and reporting requirements on Afghanization. To increase Afghan ownership, leadership, and visibility, joint decisionmaking is emphasized at the line-ministry level in all sectors, and

Afghan national programs have increased cooperation at the village, community, district, provincial, and national levels

Afghan officials will more frequently participate in the USAID procurement processes. Special consideration in new procurements is being given for Afghans in key senior-level personnel positions.

U.S. assistance will be shifting to smaller, more flexible, and faster contract and grant mechanisms to increase decentralized decision-making in the field and to be more responsive to Afghan communities. To accomplish this, we are working with Washington to support allowing warrants (simplified acquisition procedures) for up to \$25,000 for qualified and trained USAID Field Program Officers. We also plan to shift warranted officers to the regional platforms

in coordination with U.S. military colleagues. Innovative interagency procurement boards are also being explored.

Buy Local, Build Afghanistan

Local procurement is faster, easier, and often less expensive than purchasing from outside Afghanistan. To seek more local expertise and to buy goods and services locally, the United States is now doing more work through local companies. As of June 2009, USAID employed over 20,000 Afghans and procured more than \$280 million in local goods and services. The U.S. Mission itself—as distinct from the assistance programs we implement—also buys locally. Over half of the Mission's current spending on goods and services is Afghan-sourced. The Afghan government also has an important role in this process. The best thing the government can do to increase local procurement is to strengthen the legal and policy environment to promote private sector development. A climate that enables private business to operate with limited bureaucratic obstacles will help bring new investment, which will better support Afghan companies in competing for foreign military and assistance contracts.

Specifically to increase sustainability, the U.S. Mission supports the Afghan First initiative. The U.S. Mission plans to work with the United Nations Assistance Mission in Afghanistan and donors to increase procurement of supplies for civilian and military activities within the country, use Afghan material in the implementation of projects (in particular for infrastructure), and increasingly employ Afghan national implementation partners and equally qualified local and expatriate Afghans. For example, the United States can link its agriculture programs to source food for the military located at Provincial Reconstruction Teams. As

the U.S. Department of Agriculture increases its presence, its officers will also become key players in the region.

Washington supports local partners such as the Peace Dividend Trust (PDT), which has been working in Afghanistan since January 2006 to increase local procurement by connecting international buyers to Afghan sellers. In particular, PDT manages a database of around 3,500 Afghan suppliers. These vendors can be found at the PDT Web site at www.buildingmarkets.org. PDT trains Afghan companies about bidding and performance issues. It can also distribute tenders directly to Afghan businesses either in person or via email. Within a few months, PDT will distribute short-notice bidding opportunities by Short Message Service (texting).

USAID is working to connect vocational program graduates with its contractors and grantees. The Kunar Construction Trades Training Center, funded by both the Commander's Emergency Response Program and USAID, has graduated three classes to date, with a total of 400 students. Each graduation is followed by a job fair, and almost all graduates have been hired right out of the training program.

To deliver more funding straight to ministries, the United States is providing up to \$236 million over 5 years directly to the Afghan Ministry of Public Health and \$1 million to the Ministry of Communication and Information Technology. The United States has also developed an action plan to channel more assistance directly to the Afghan government and is aligning capacity-building efforts to strengthen core functions such as procurement and financial systems in line ministries to make this happen.

To maximize the use of the ARTF, Washington contributed a total of \$110 million to the fund in Afghan fiscal year (FY) 1387 (March 21, 2008–March 20, 2009). This was

more than double the U.S. contribution in FY 1386 and made the United States the top contributor to the ARTF in FY 1387. We aim to provide even more in the future.

Capacity-building mitigates risk and increases sustainability. The United States is currently building capacity in all three branches of government at both the national and subnational levels. Substantial capacity is also being built in businesses and nongovernmental organizations. As of March 2009, approximately

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\$62 million was provided in a targeted capacity development program to 15 ministries and national institutions, and the program is being extended to the subnational level.

To maximize the impact and quality of activities, the United States is leveraging over \$38 million in private resources, primarily through public-private partnerships with Afghan businesses, on a U.S. investment of \$15 million. Partnerships among donors, government, and the private sector will help create in-country conditions that fuel private investment and stimulate entrepreneurship, especially in small and medium enterprises.

Next Steps

All U.S. agencies in Afghanistan are following a whole-of-government approach to achieve the goals specified in the Obama administration's strategy: They are working as teams, not individualized agencies. They are collaborating to integrate population security

with building effective local governance, economic development, and sustainability across Country Teams and in close cooperation with U.S. Forces–Afghanistan, the International Security Assistance Force, coalition partners, and especially our hosts, the government of Afghanistan and Afghan civil society leaders. Increased funding to programs is vital to the success of America’s new strategy over the next 18 months. Moreover, it is feasible to implement at higher levels at an efficient and responsible manner.

Specifically, the United States plans to channel more funding in FY 2010 through the Afghan government’s core budget via the Afghanistan Reconstruction Trust Fund to ensure that national programs such as the National Solidarity Program have adequate resources, while promoting incentives for securing government reforms. The U.S. Mission in Afghanistan also proposes a direct budget support program via the Ministry of Finance (for systems that have passed U.S. requirements) to further build capacity on internal audit, public financial management systems, and discretionary funds conditional on policy and results benchmarks in coordination with donors. Washington also aims to provide technical assistance and training to private Afghan nongovernmental organizations, specifically including those involved in women’s issues, to meet U.S. requirements to receive funding by having adequate financial and procurement systems in place.

By 2011, the U.S. Mission in Afghanistan’s ambitious goal is to channel more than half of the USAID budget through the government of Afghanistan and local Afghan firms. This high level of Afghanization will strengthen sustainability by putting Afghans in charge of their country’s development. Adhering to our new contracting principles will ensure that Afghans lead, not follow, in their path to a secure and economically viable Afghanistan, in partnership with the United States.

Trust, Confidence, and Hope

Afghanistan is hungry for development. The United States, in coordination with its international partners, is providing jobs to the jobless, a voice to the voiceless, heat for cold homes, water for the thirsty, and food for the hungry. In short, it is offering Afghans a path to hope and sustainable development. We are optimistic about a new era of prosperity and peace. We are also optimistic that one day we will echo Woodrow Wilson’s famous words: “The ear of the leader must ring with the voices of the people.”

The only constant in the future is change. We look forward to learning from our partners, the Afghan government, neighboring Pakistan, and others how we can better implement the President’s evolving strategy, putting actions to words and measuring progress against clear metrics. With greater smart power comes greater responsibility and, like Lincoln, we must rise with the occasion. **PRISM**

Notes

¹ See <www.whitehouse.gov/blog/09/03/27/A-New-Strategy-for-Afghanistan-and-Pakistan/>.

² Ibid.